



Implementing the New Accounting and Reporting Requirements for Military Equipment

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Background--The Department of Defense

- Three Military Departments, 15 Defense Agencies, 7 Field Activities, and 9 Unified Combatant Commands
- FY 2004 DoD Budget \$379.9 Billion
- Quantities of military equipment
 - 1,355 Combat and Support Ships (does not include over 2,000 small boats)
 - 15,706 Combat, Airlift and Other Aircraft
 - 194,953 Combat Vehicles
- Over 2,000 financial and non-financial feeder business information management systems



Major Tasks

- Develop and report a parametric estimate for June 30, 2003
- Develop transition plan
 - Communications
 - Systems requirements
 - Policy, Procedures, and practices
- Incorporate new accounting and reporting requirements within the DoD Business Architecture by April, 2004
- Develop IT solution by May, 2004

Parametric Estimate for Military Equipment

- Amounts to be reported in the June 30, 2003, DoD Consolidated Financial Statements:

Investment in Military Equipment Since 1970	\$1,116 Billion
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Accumulated Depreciation	\$794 Billion
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Net Book Value	\$322 Billion
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- For purposes of the estimate, investments in equipment prior to 1970 will be considered fully depreciated



Challenges

- Minimizing the cost of developing the historic cost baseline (current estimate is \$12.5 million)
- Modifying and coordinating numerous policies and regulations
 - DoD Financial Management Regulation
 - Federal Acquisition Regulation and Defense Acquisition Regulation Supplement
- Capturing reliable quantity information for quarterly reporting
- Capturing and reporting classified program information
- Modifying business practices of the Acquisition, Logistics and Financial communities
- Replacing or modifying over one hundred acquisition, procurement, logistics and financial systems